



# Congressional Budget Office

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## The Budget and Economic Outlook: Fiscal Years 2012 to 2022

Presentation to the National Economists Club

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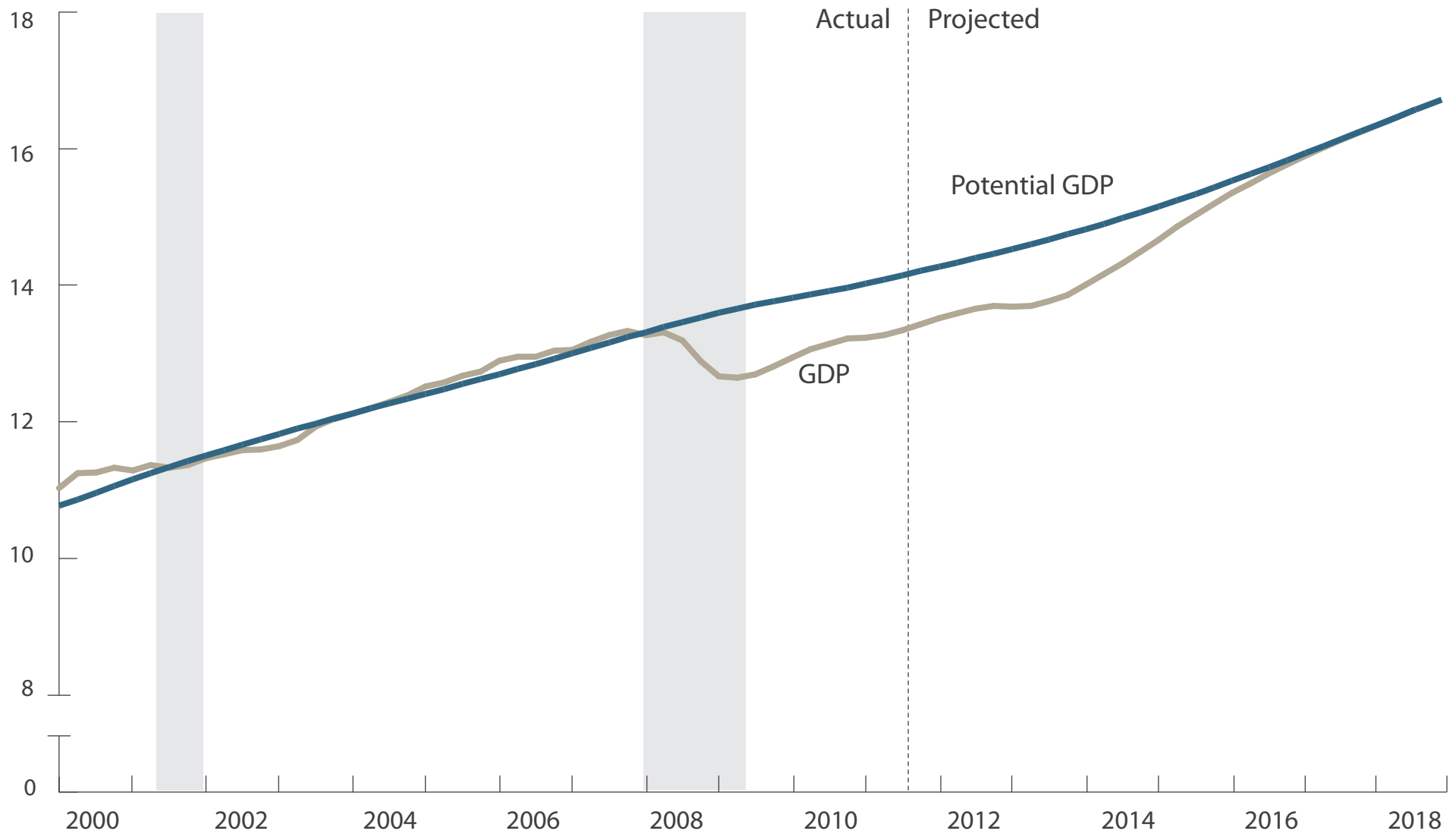
Douglas W. Elmendorf  
Director

February 9, 2012

## The Economic Outlook

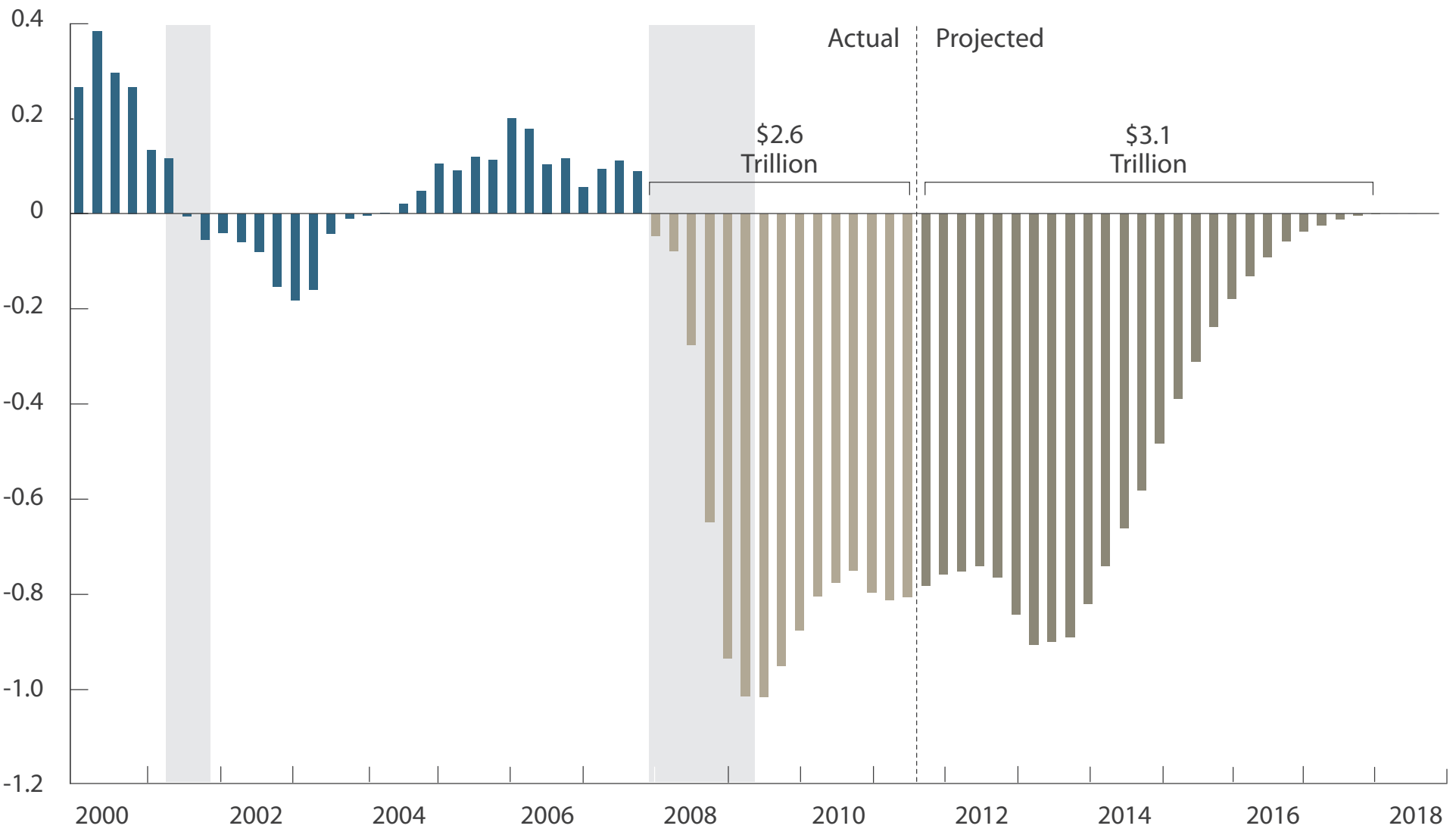
# Real Gross Domestic Product

(Trillions of 2005 dollars)



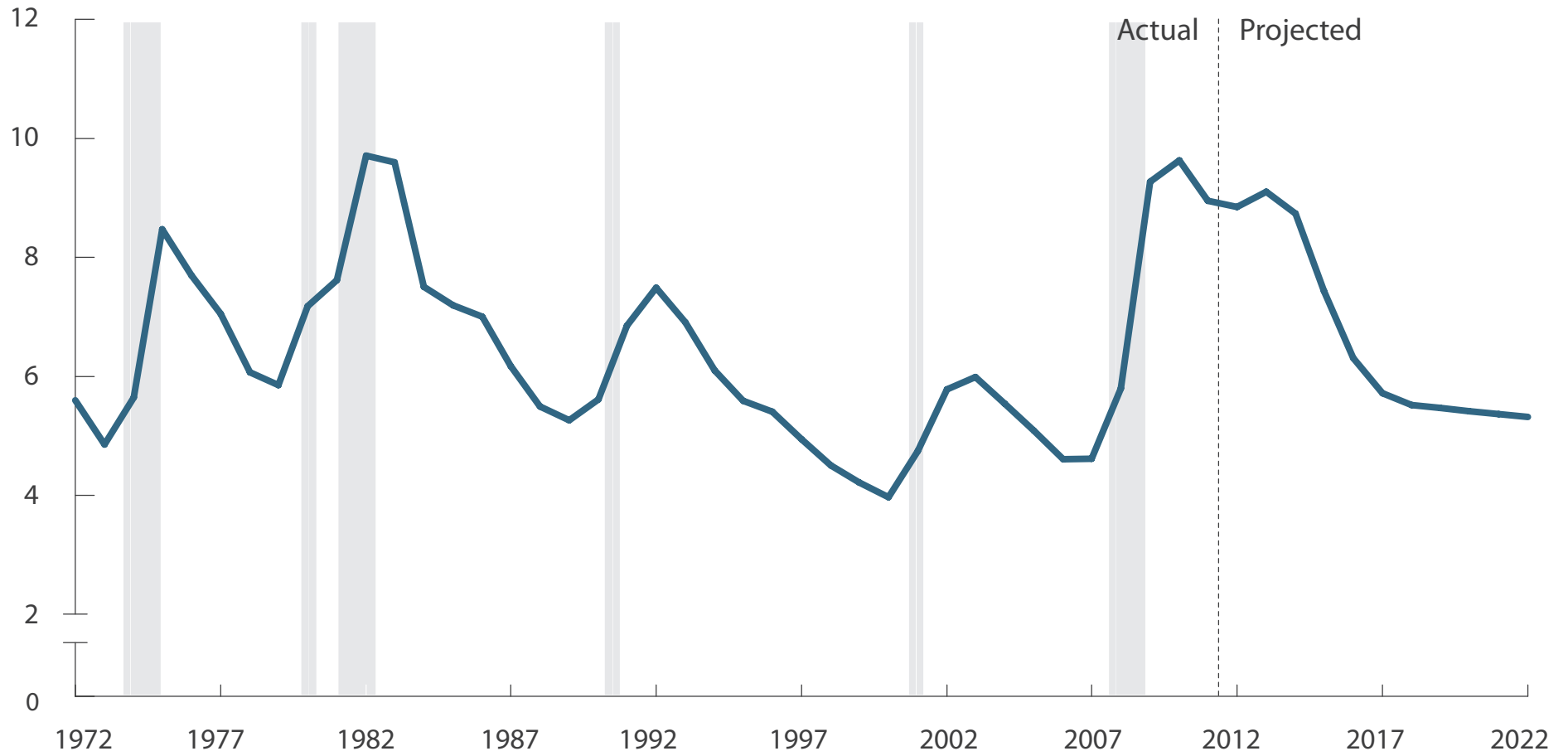
# Gap Between GDP and Potential GDP

(Trillions of 2005 dollars)



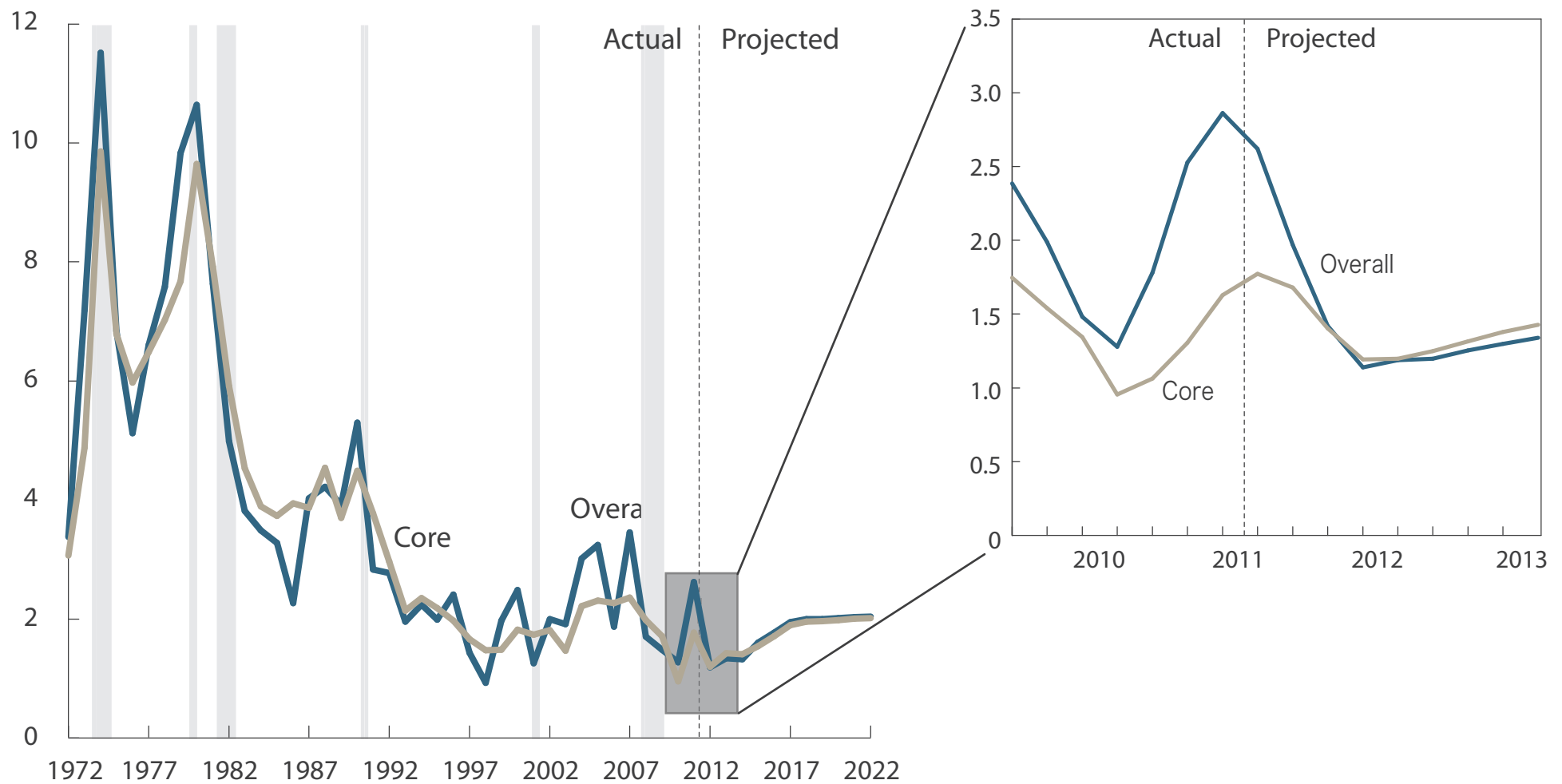
# Unemployment Rate

(Percent)



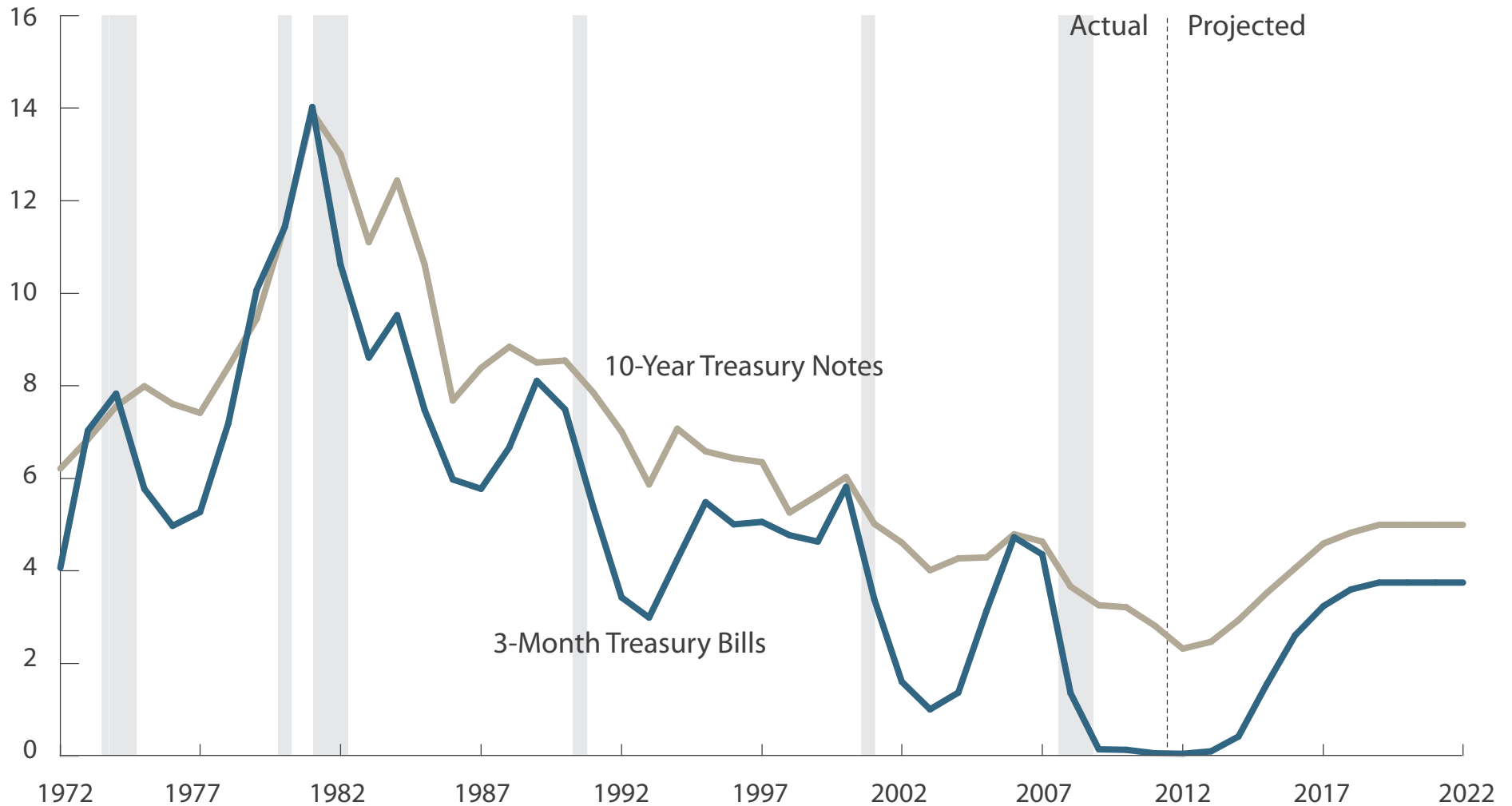
# Inflation

(Percentage change in prices from previous year)



# Interest Rates

(Percent)

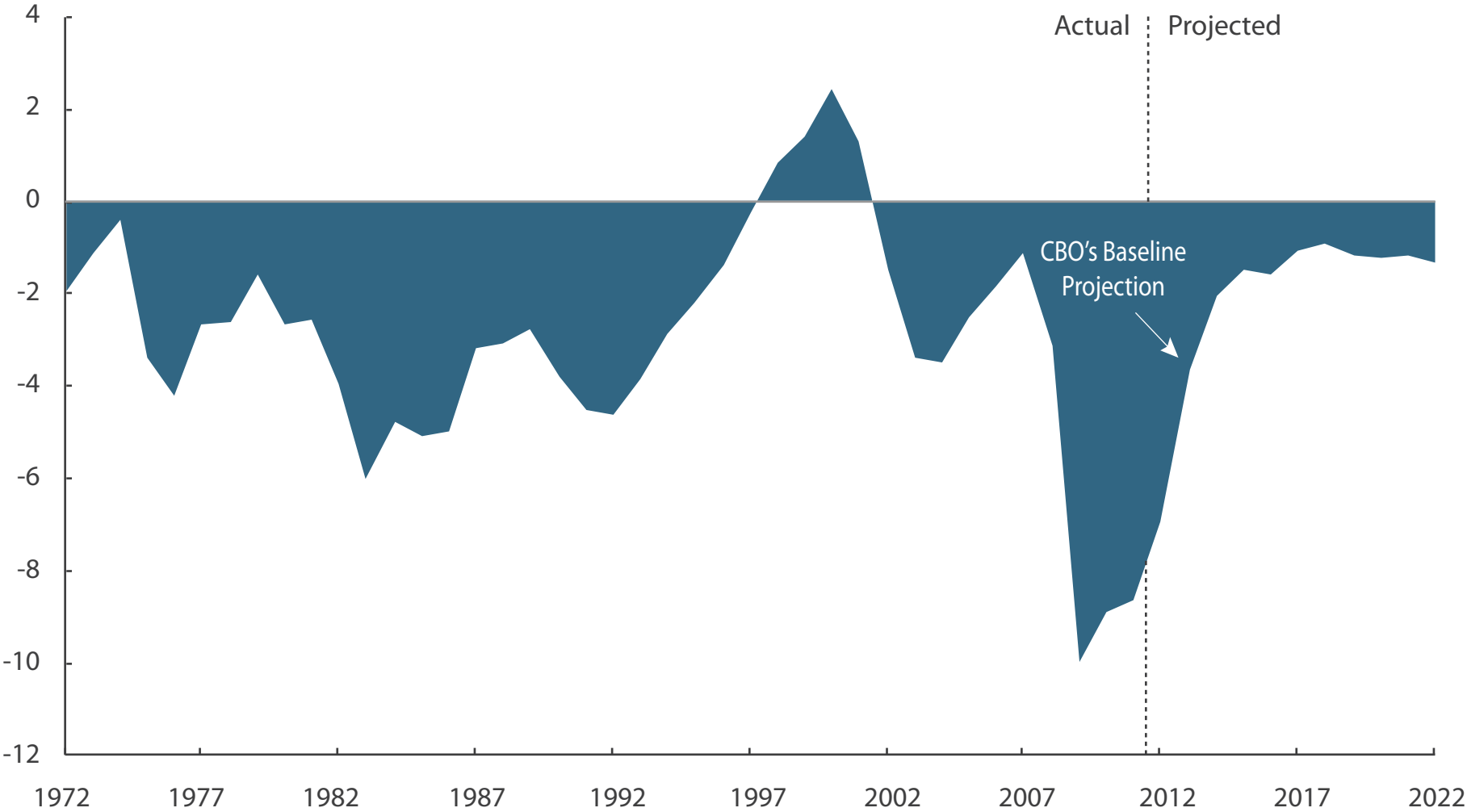


## The Budget Outlook



# Deficits or Surpluses, Historically and As Projected in CBO's Baseline

(Percentage of GDP)



# What Policy Assumptions Underlie the Baseline and the Alternative Fiscal Scenario?

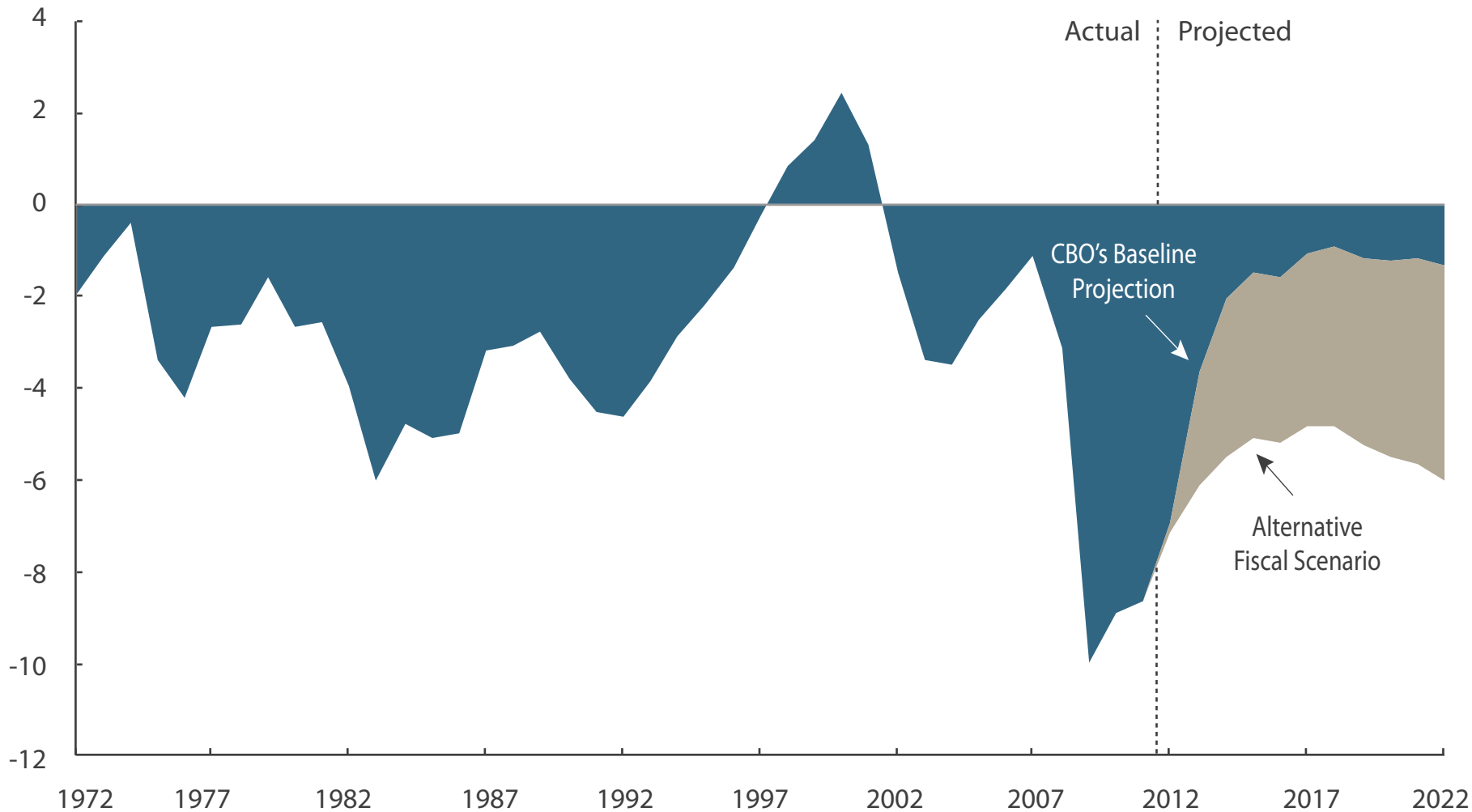
## Baseline Projections: Current law

## Alternative Fiscal Scenario:

- All expiring tax provisions (other than the payroll tax reduction) are extended.
- The alternative minimum tax (AMT) is indexed for inflation after 2011.
- Medicare's payment rates for physicians' services are held constant at current level.
- The automatic spending reductions required by the Budget Control Act do not take effect (although the original caps on discretionary appropriations remain in place).

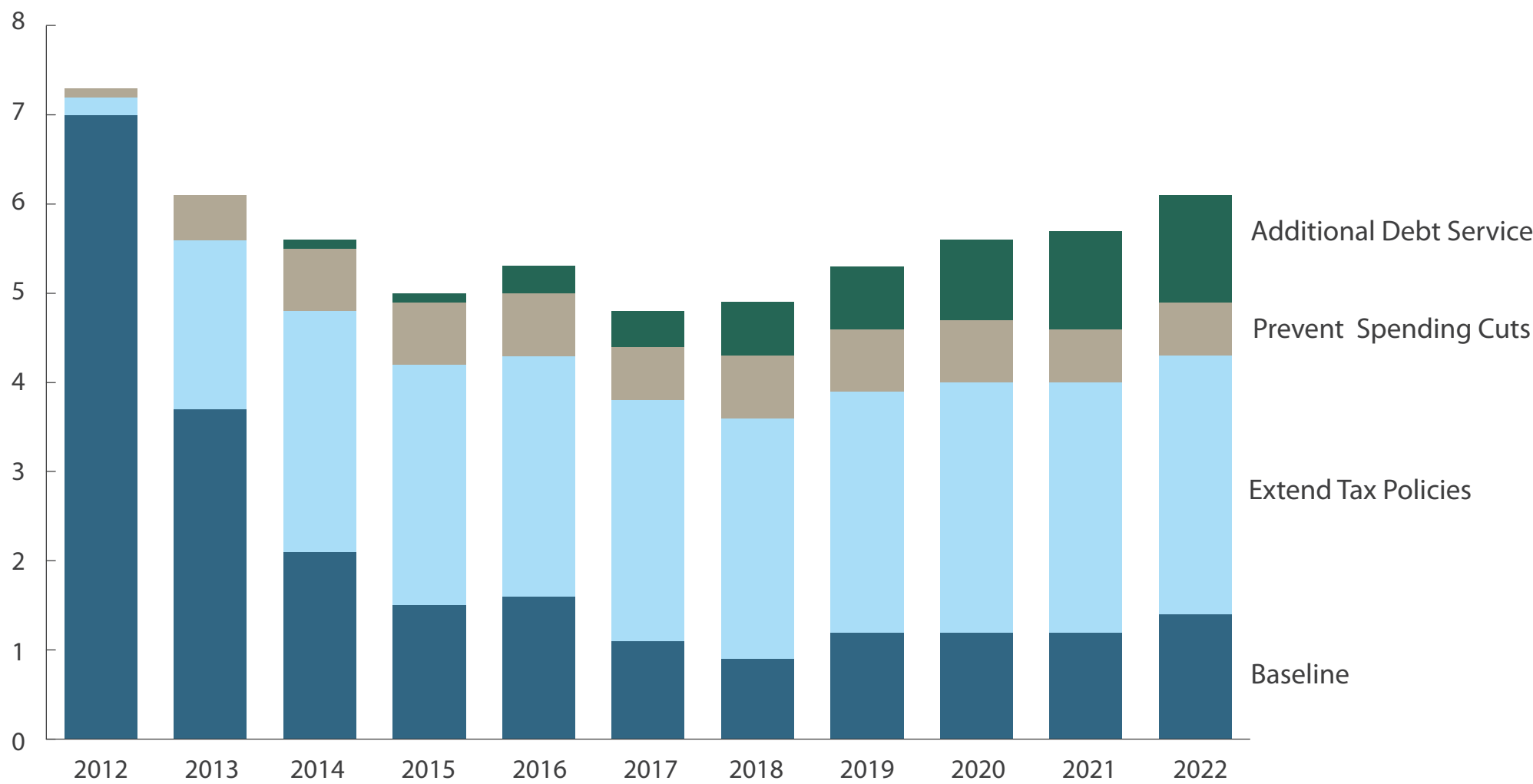
# Deficits or Surpluses, Historically and As Projected in CBO's Baseline and Under the Alternative Fiscal Scenario

(Percentage of GDP)



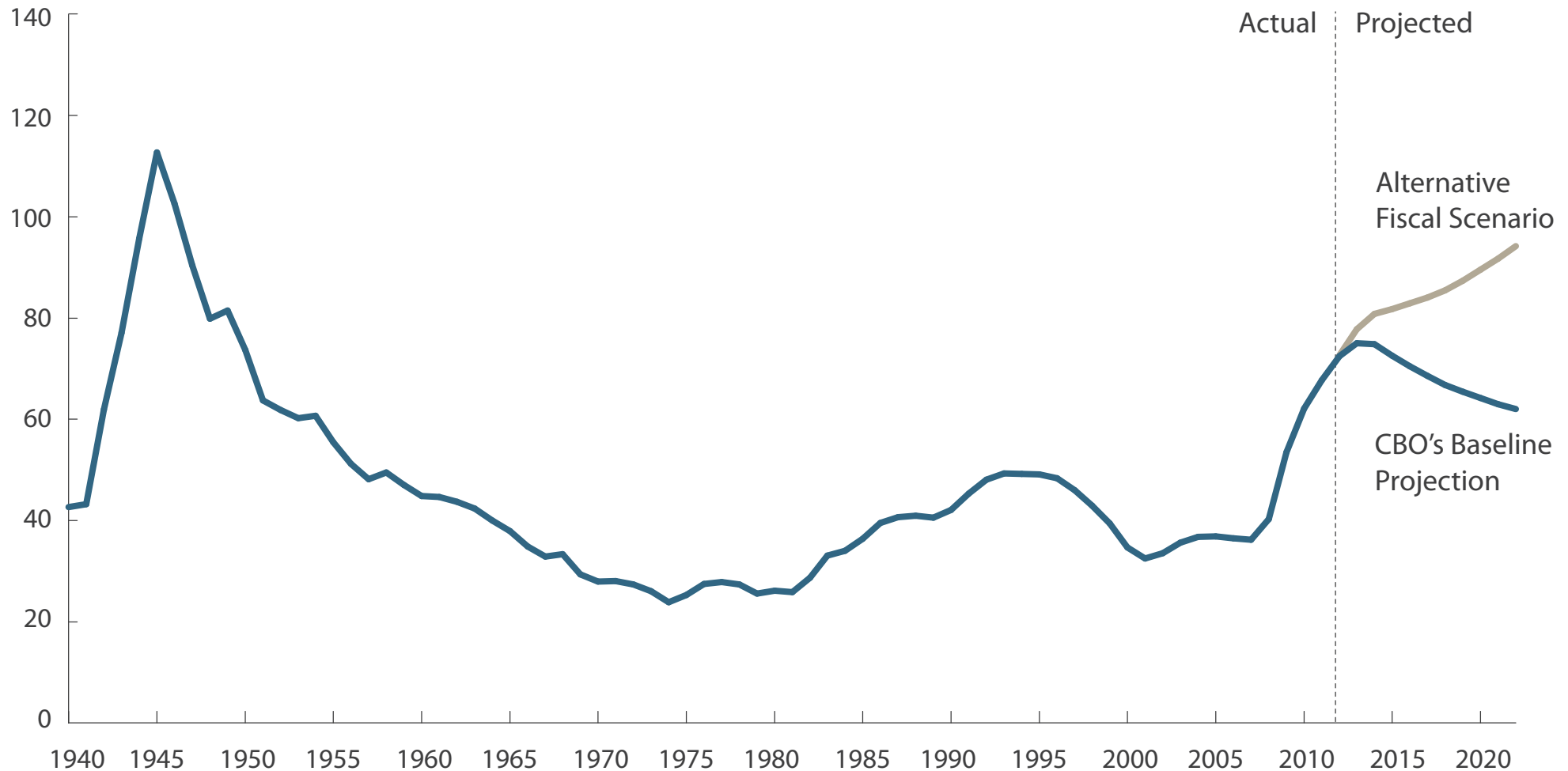
# Deficits Projected in CBO's Baseline and Under the Alternative Fiscal Scenario

(Percentage of GDP)



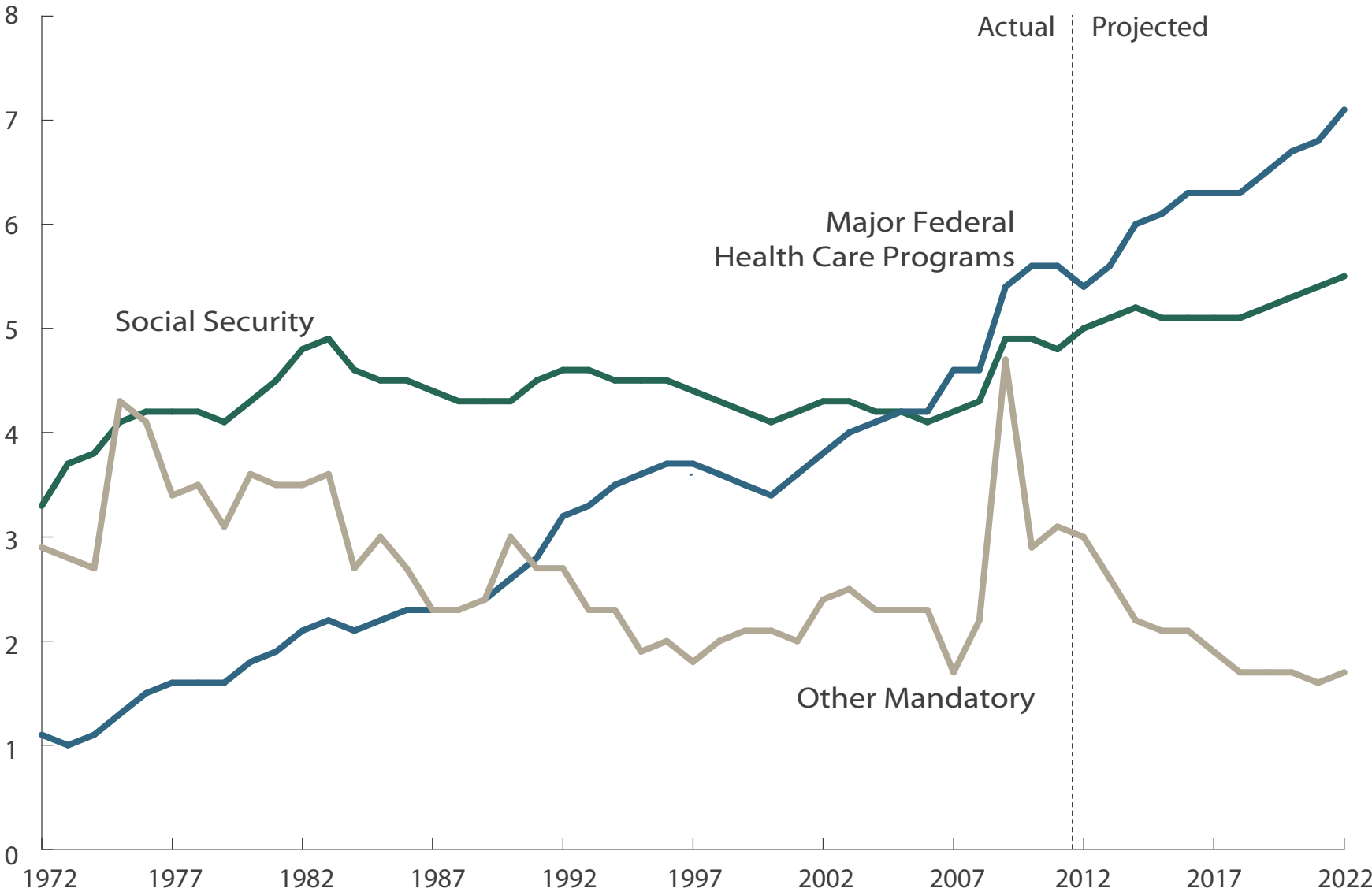
# Federal Debt Held by the Public, Historically and As Projected in CBO's Baseline and Under the Alternative Fiscal Scenario

(Percentage of GDP)



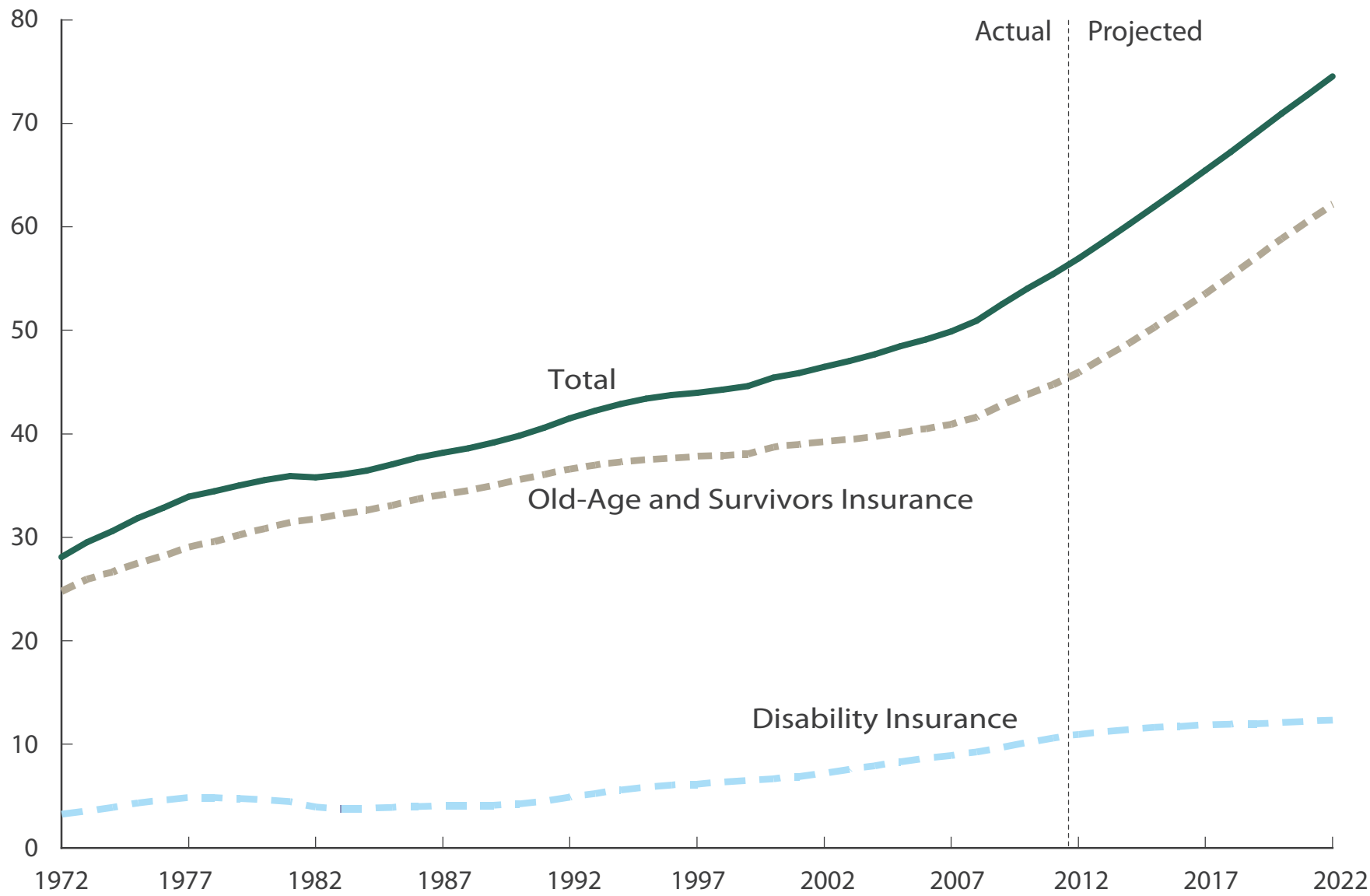
# Components of Mandatory Spending

(Percentage of GDP)



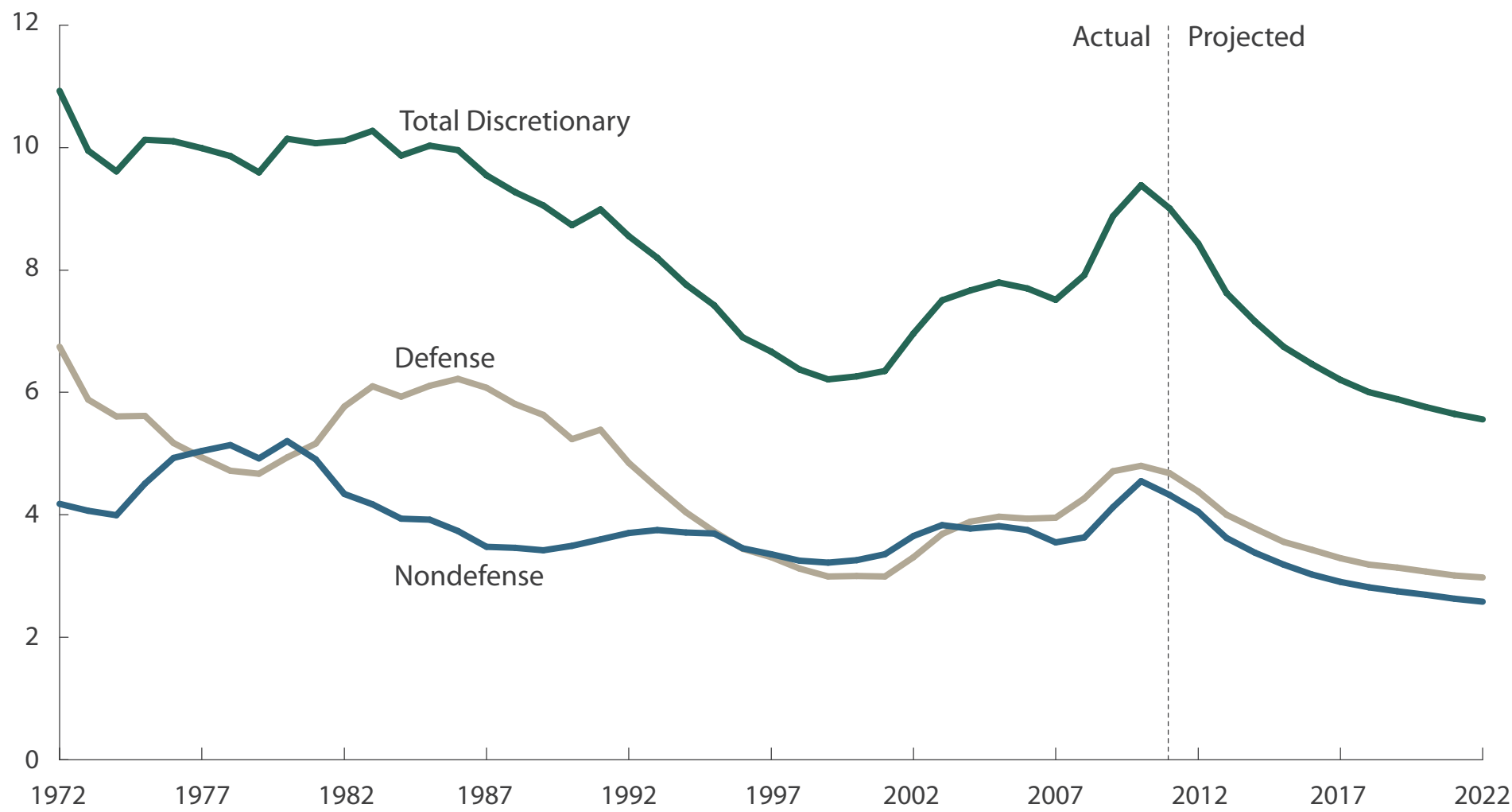
# Social Security Beneficiaries

(In Millions, at End of Calendar Year)



# Discretionary Outlays, by Category

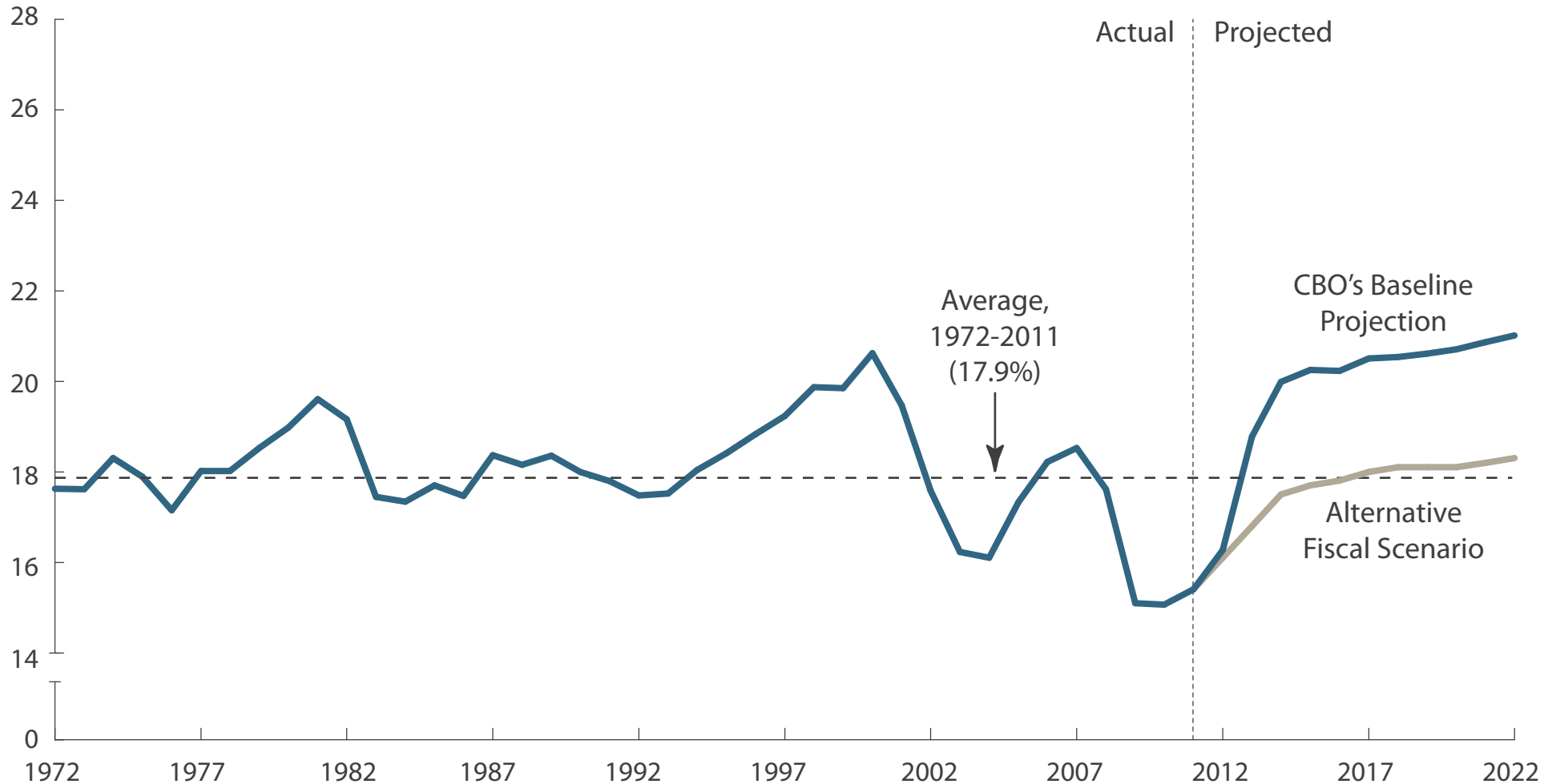
(Percentage of GDP)





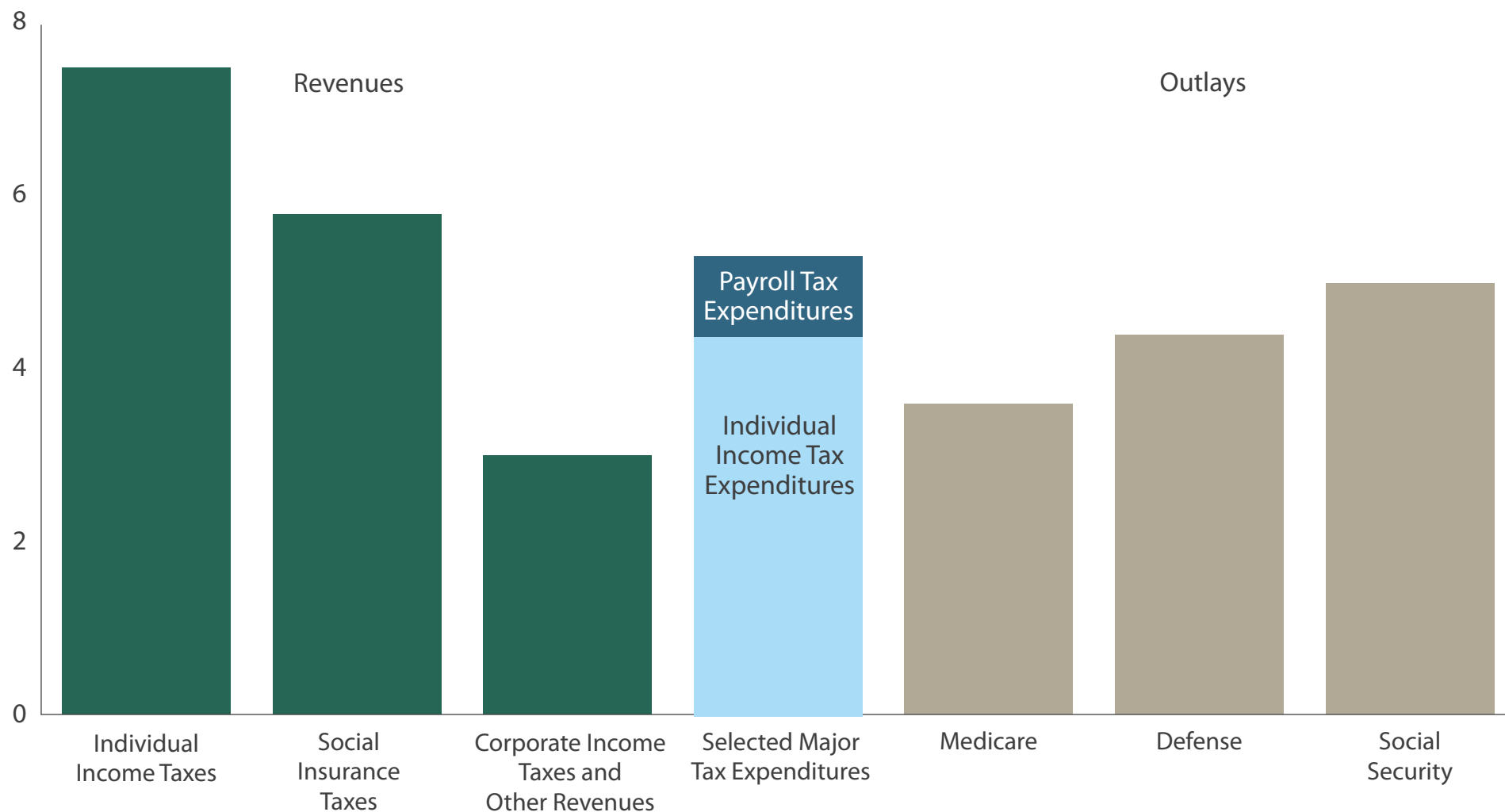
# Revenues Projected in CBO's Baseline and Under the Alternative Fiscal Scenario

(Percentage of GDP)

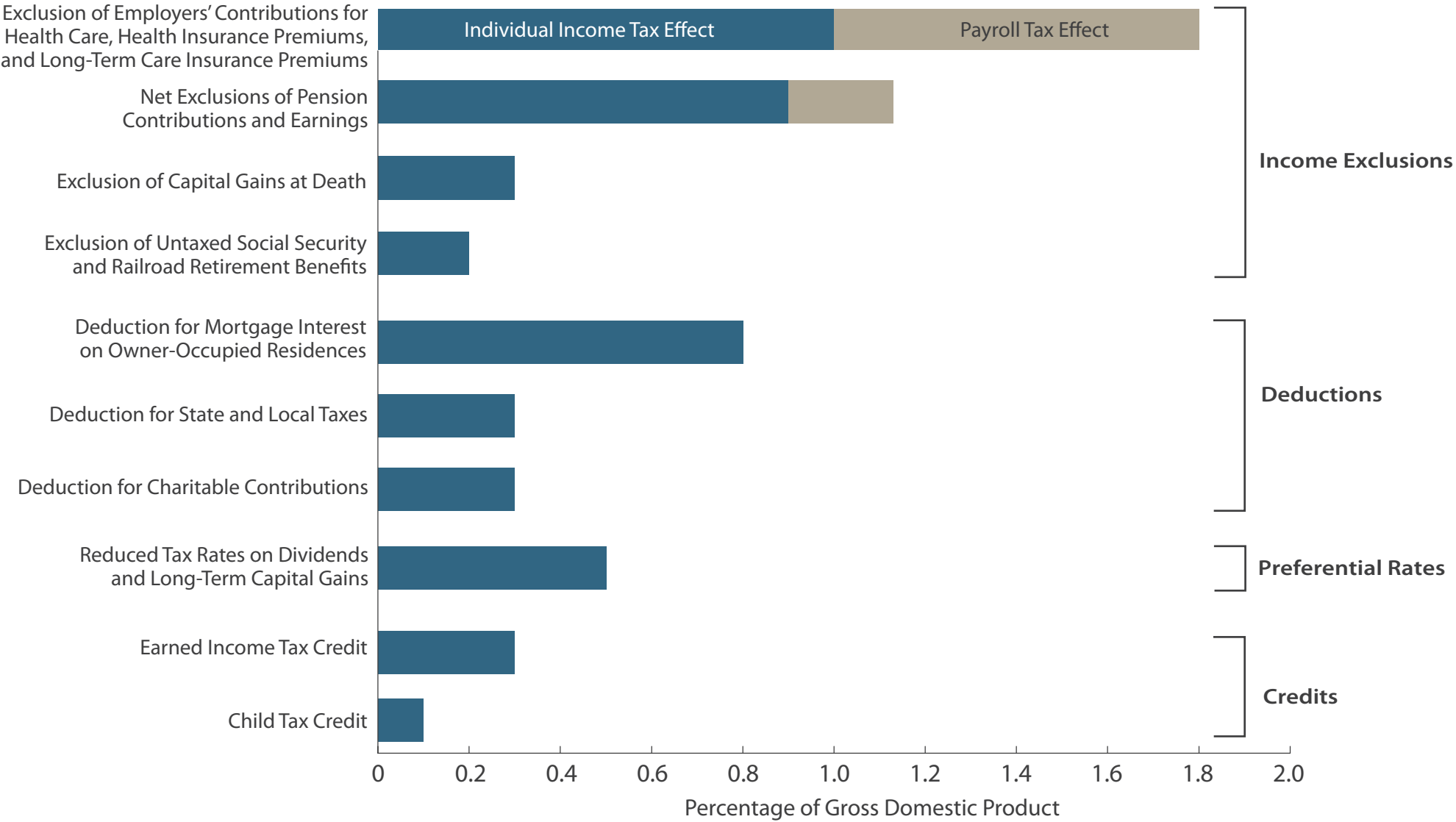


# Selected Major Tax Expenditures in 2012, Compared with Other Categories of Revenues and Outlays

(Percentage of GDP)



# Effects of Selected Major Tax Expenditures from 2013 to 2022



# Components of the Federal Budget as Shares of GDP: 1972-2011 Average and 2022 Projection Under the Alternative Fiscal Scenario

(Percentage of GDP)

